

VZCZCXRO6853  
PP RUEHCD RUEHGD RUEHHO RUEHMC RUEHNG RUEHNL RUEHRD RUEHRS RUEHTM  
DE RUEHME #2453/01 2212240  
ZNR UUUUU ZZH  
P 082240Z AUG 08  
FM AMEMBASSY MEXICO  
TO RUEHC/SECSTATE WASHDC PRIORITY 2904  
INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE PRIORITY  
RUEHGV/USMISSION GENEVA PRIORITY 1040  
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
RUEHC/DEPT OF LABOR WASHINGTON DC PRIORITY  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC PRIORITY  
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC PRIORITY

UNCLAS SECTION 01 OF 02 MEXICO 002453

SENSITIVE  
SIPDIS

STATE FOR A/S SHANNON  
STATE FOR WHA/MEX, WHA/EPSC, EB/IFD/OMA, EB/CIP/BA  
USDOC FOR 4320/ITA/MAC/WH/ONAFITA/GERI WORD  
TREASURY FOR IA (RACHEL JARPE, LUYEN TRAN)  
NSC FOR RICHARD MILES, DAN FISK  
STATE PASS TO USTR (EISSENSTAT/MELLE/SHIGETOMI)  
STATE PASS TO FEDERAL RESERVE (BORA DURDU)

E.O. 12958: N/A  
TAGS: [ECON](#) [PGOV](#) [ETRD](#) [EFIN](#) [MX](#)  
SUBJECT: CALDERON'S CHIEF OF STAFF REPLACES SOJO AT ECONOMY  
MINISTRY

Summary  
-----

¶1. (SBU) President Calderon announced that Eduardo Sojo would be leaving the helm of the Economy Secretariat in order to head up the National Institute of Statistics and Geography. Calderon assigned his Chief of Staff and longtime political confidante, Gerardo Ruiz Mateos, to succeed Sojo as Secretary of Economy, publicly praising his experience as a businessman and charging him to fight inflation, foster small business, and make Mexico a "multi-directional link" for international trade flows. Ever since the tortilla crisis in early 2007 there have been complaints about Sojo's lack of firm, executive leadership and rumors of his impending departure. Although Ruiz lacks Sojo's academic pedigree, his close ties with the President could make him a more authoritative figure. Ruiz has said he does not plan to change any of his top officials for now, but it remains to be seen how long "now" will last. One change that has already been made is that Felipe Duarte, the hitherto chief economic adviser in the Office of the Presidency, has replaced Alberto Ortega Venzor as the Chief of Staff to the Secretary of Economy. Ruiz will be replaced by Patricia Flores as the new Chief of Staff in the Office of the Presidency. End summary.

Sojo to INEGI  
-----

¶2. (U) On August 6, President Calderon announced a major shake-up in his economic cabinet. Secretary of the Economy Dr. Eduardo Sojo-Aldape would be leaving his post to take over the National Institute of Statistics and Geography (INEGI). Sojo, if approved by the Congress, will run INEGI through December 2009. In previous professional incarnations he has served as Technical Director and Director of Statistics of INEGI. As Calderon noted in his remarks, INEGI has been strengthened by recent amendments to its governing law that have made it autonomous and shifted responsibility for official economic statistics (e.g., inflation, GDP growth, unemployment) from the Bank of Mexico to INEGI. We expect that most of the statisticians now working for the Bank of Mexico will simply be transferred to INEGI.

¶3. (SBU) Bank of Mexico Governor Guillermo Ortiz told

econoffs that he was happy to see INEGI take on this work, as the Bank of Mexico had previously been in the uncomfortable position of both measuring and fighting inflation. He also said that the Bank of Mexico had been plagued by a number of legal actions in which private parties had alleged inaccuracies in its inflation statistics that had resulted in unwelcome contractual obligations tied to the rate of inflation. An Assistant Secretary-level contact in Economy told econoff that while the move to INEGI was at least a half-rank demotion, he believed that Sojo welcomed it. This was due to exhaustion from his workload and constant stress regarding rising prices, and the fact that INEGI is headquartered in the city of Aguascalientes, much closer to his hometown of Leon, Guanajuato than Mexico City.

And Ruiz to Econom!a  
-----

¶4. (U) At the same press event, Calderon announced that his Chief of Staff Gerardo Ruiz Mateos would be taking over the Secretariat of Economy (effective immediately - the Secretary of Economy does not need congressional approval). Ruiz received his industrial engineering degree from the highly regarded Technological Institute of Monterrey and became director of an auto-parts manufacturing firm in Queretaro in ¶1989. He joined the National Action Party (PAN) in the mid-1990s and has been closely connected with Felipe Calderon ever since, serving as the executive director of the PAN's National Committee while Calderon was party chief. He was the chief of finance and administration for Calderon's 2006 presidential campaign, served as technical coordinator for

MEXICO 00002453 002 OF 002

the presidential transition, and then served as Coordinator of the Cabinet and Special Projects in the Office of the Presidency until he replaced Juan Camilo Mourino as Chief of Staff. In his remarks, Calderon commented on his high level of personal trust in Ruiz, but also noted that his experience running a private sector company and being on the "other side of the counter" from the government gave him an intuitive sense of what needs to be done, i.e., "deregulate the economy and free the country's productive forces to spur growth." The President directed the newest member of his cabinet to focus his energies on five tasks: 1) support Mexican families as they struggle with higher prices; 2) continue to promote investment to generate jobs for Mexicans; 3) strengthen programs to support small- and medium-sized enterprises; 4) strive to make Mexico "a multi-directional link in trade flows among Asia, America, and Europe" and 5) coordinate the efforts of all relevant federal agencies in order achieve faster economic growth.

¶5. (SBU) Ruiz brings with him as his chief of staff Felipe Duarte, who was the chief economic adviser in the Office of the Presidency. Ruiz told press yesterday that he does not plan to make any other major personnel changes for the time being. However, a contact in the Economy Secretariat told econoff that Ruiz has quarreled with Rocio Ruiz, Under Secretary of Economy for Industry and Commerce, and Jesus Heriberto Felix, Under Secretary of Economy for Small and Medium Enterprises, and he would not be surprised to see them leave in the not-so-distant future. On the other hand, we are assured that Under Secretary of Economy for International Trade Negotiations Beatriz Leycegui still plans to attend the Americas Competitiveness Forum being hosted by Commerce Secretary Gutierrez in Atlanta later this month, and a Foreign Ministry contact told econoff he suspected Ruiz would attend as well (Embassy is still seeking confirmation). Our Economy contact remarked that Ruiz was substantively far less prepared for his new responsibilities than Sojo had been, but acknowledged that he would wield considerable clout given his closeness to the President. He also mentioned that Patricia Flores, who will take over as Calderon's chief of staff, will have a very limited policy role due to the fact that her two predecessors took much of their policy portfolios with them (Mourino to Interior and Ruiz to Economy).

Comment

-----

16. (SBU) Numerous outside commentators have long criticized Sojo for being a weak executive at Economy, especially since his slow response to the tortilla price crisis in early 2007.

Running an important technical agency like INEGI is no sinecure, but clearly at least half a step down from heading a cabinet-level policy department. We do not know whether he was pushed out or transferred to INEGI willingly, but the announcement caught almost everyone (including our Economy contacts) by surprise, indicating that he made the move with his dignity intact. It remains to be seen how Ruiz's performance will compare with his predecessor's, but dealing with the daunting challenges of rising inflation, the U.S. economic slowdown, and Mexico's own low growth rate provide him ample opportunity to earn his spurs. What is obvious is Calderon's clear preference for filling new openings in his cabinet with longtime loyalists. End Comment.

Visit Mexico City's Classified Web Site at

<http://www.state.sgov.gov/p/wha/mexicocity> and the North American Partnership Blog at <http://www.intelink.gov/communities/state/nap/> /  
BASSETT